APPENDIX A2.1.1

ILLUSTRATIVE PROGRAM SPECIFIC EXAMINATION

CHILD AND ADULT CARE FOOD PROGRAM

SPONSOR OF CHILD CARE CENTERS (FIXED PERCENTAGE METHOD)

XYZ CHILD DEVELOPMENT, INC.

FISCAL YEAR ENDED JUNE 30, 19X9

Program-Specific Examination

XYZ Child Development, Inc. Fiscal Year Ended June 30, 19X9

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XYZ Child Development, Inc.

GENERAL INFORMATION

June 30, 19X9

1.	Full official name of the agency
2.	Program name and agreement number:
	California Department of Education, Child and Adult Care Food Program, Agreement No
3.	Type and Description of agency
4.	Address of agency headquarters
5.	Names and address of Executive Director and name of Chief Executive Officer, Business Officer, or Accountant
	Executive Director
	Business Officer Joe McNice
6.	Telephone number
7.	Period covered by examination July 1, 19X8 through June 30, 19X9
8.	Number of days of agency operation
9.	Scheduled hours of operation each day 7:00 a.m to 6:00 p.m

Accountant's Letterhead

Independent Accountant's Report

Board of Directors XYZ Child Development, Inc.

We have examined the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the Child and Adult Care Food Program (CACFP) (Sponsor Agreement No. xx-xxxx-x-A) as summarized in the Statement of Claim for the period from July 1, 19X8 through June 30, 19X9.

Our examination was made in accordance with the *Statement of Standards of Attestation Engagements* established by the American Institute of Certified Public Accountants and with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and included tests of the program and accounting records prescribed by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA), as set forth in its *Audit Guide for Audits of Child and Adult Care Food Program Institutions*, No. 27029-2, dated February 18, 1999, for examinations of this program.

In our opinion, the aforementioned claims present fairly, in all material respects, the number of meals and/or supplements eligible for CACFP reimbursement for the period July 1, 19X8 through June 30, 19X9.

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 19X9, on our consideration of **XYZ Child Development, Inc.'s** internal control over financial reporting and our tests of CACFP compliance with certain provisions of laws, regulations, contracts and grants.

Bean, Bean & Counter Certified Public Accountants

September XX, 19X9

XYZ Child Development, Inc.

STATEMENT OF CLAIM

Agreement No.: xx-xxxx-x-A 19X9 Child and Adult Care Food Program For the Period July 1, 19X8 to June 30, 19X9

Reimbursement per Examination (Supported by Exhibits A, B, D and E as needed)

\$ 732,996

Program Reimbursements Claims and Received

<u>74,444</u>

Amount Due From Agency

\$ 41,448

Footnotes:

Should also include income that accrued to the program.

A footnote should reflect if the CACFP claims for reimbursement have been paid or not.

Should also include revised claims.

Auditor's Letterhead

Independent Accountant's Report on Supplementary Information -

Board of Directors XYZ Child Development, Inc.

We have examined the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the Child and Adult Care Food Program (CACFP) (Sponsor Agreement No. xx-xxxx-x-A) as summarized in the Statement of Claim for the period from July 1, 19X8 through June 30, 19X9, and have issued our report dated September XX, 19X9.

We conducted our examination in accordance with the *Statement of Standards of Attestation Engagements* established by the American Institute of Certified Public Accountants and with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and included tests of the program and accounting records prescribed by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA), as set forth in its *Audit Guide for Audits of Child and Adult Care Food Program Institutions*, No. 27029-2, dated February 18, 1999, for examinations of this program.

Our examination was made for the purpose of forming an opinion on the aforementioned CACFP claims of **XYZ Child Development, Inc.** taken as a whole. The accompanying supplementary information in Exhibits A through F is presented on pages A2.1.1-5 through A2.1.1-11 for purposes of additional analysis and is not a required part of the Statement of Claim. The information in those exhibits has been subjected to the examination procedures applied in the examination of the Statement of Claim and, in our opinion, is fairly stated in all material respects, in relation to the CACFP claims for reimbursement as summarized in the Statement of Claim taken as a whole.

Bean, Bean & Counter Certified Public Accountants

September XX, 19X9

XYZ CHILD DEVELOPMENT, INC. CHILD AND ADULT CARE FOOD PROGRAM -- CHILD CARE CENTERS SUMMARY OF CLAIM FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

Amount Reimbursable from the General Fund:			\$649,660.14
Less General Fund Payments to Date:			687,649.53
General Fund Reimbursement Variance (Overpaid):			(\$37,989.39)
2 2.			
A2.1.1.5			
o i			
	<u>Allowed</u>	<u>Paid</u>	
	*	****	(000.55)
Cash-In-Lieu Reimbusement:	\$35,894.86	\$36,225.41	(330.55)
Total General Fund Reimbursement Variance (Overpaid):			(\$38,319.94)
	Allowed	Paid	
	<u>r mowod</u>	<u>r uiu</u>	
State Meal Compensation	\$47,440.69	50,569.00	(3,128.31)
			<u></u> _
Total Program Reimbusement (State and Federal)			
(Overpaid) Refund Due to the State:		_	(\$41,448.25)

XYZ CHILD DEVELOPMENT, INC.

CHILD AND ADULT CARE FOOD PROGRAM – CHILD CARE CENTERS

SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND EARNED PROGRAM REIMBURSEMENT FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

FIXED PERCENTAGE METHODS

Federal Meal Coompenstion		MEALS		*Food Service Rates*	Revenue	<u>Audit</u>	Earr
redetat ivieat Coompenstion	Reported	Adjusted*	Allowed	<u>July 1997 – June 1998</u>	Recognized	Adjustments**	Reimbur
<u>Breakfast</u>							
Free	181,830	(12,113)	169,717	\$1.0725	\$195,012.68	(\$12,991.19)	\$182,02
Reduced	3,482	619	4,101	0.7725	2,689.85	478.18	3,16
Base	49,913	9,268	59,181	0.2000	9,982.60	1,853.60	11,83
Total	235,225	(2,226)	232,999		\$207,685.13	(\$10,659.41)	\$197,02
Lunch							
Free	189,846	(12,586)	177,260	\$1.9425	\$368,775.86	(\$24,448.31)	\$344,32
Reduced	3,636	647	4,283	1.5425	5,608.53	998.00	6,60
Base	52,114	9,698	61,812	0.1800	9,380.52	1,745.64	11,12
Total	245,596	(2,241)	243,355		\$383,764.91	(\$21,704.67)	\$362,00
Supplements							
Eman	175,354	(11,541)	163,813	\$0.5325	\$93,376.01	(\$6,145.58)	\$87,23
Reduced	3,357	601	3,958	0.2675	898.00	160.77	1,05
	48,137	8,988	57,125	0.0400	1,925.48	359.52	2,28
Total	226,848	(1,952)	224,896		\$96,199.49	(\$5,625.29)	\$90,57
Cash-in-lieu	245,596	(2,241)	224,896	\$0.1475	\$36,225.41	(\$330.55)	\$25,89
		<u> </u>				<u> </u>	
Total Federal Reimbursement					\$723,874.94	(\$38,319.92)	\$685,55
State Meal Compensation	378.794	(23,433)	355,361	\$0.1335	\$50,569.00	(\$3,128.31)	\$47,440

Total Program Reimbursement (State and Federal) Overpaid - Refund due the State

<u>(\$41,448.23)</u>

Footnotes:

* Reimbursement Rate:

The Auditor must determine (from FNSRO) the actual reimbursement for the examination period by meal type. Note: Regulations provide three methods for computing reimbursement – one of is assigned by the administering agency to each sponsoring organization of centers at least annually:

- 1. Claiming Percentages:
- 2. Blended per Meal Rate; or
- 3. Total Monthly Actual Counts of the number of meals by type actually served each day to children eligible for Free, Reduced Price and Paid meals.

^{**}Adjustments are the result of: (1) eligibility category changes; (2) meal count errors; (3) meals served in excess of site licensed capacity.

^{***}Includes rounding adjustment

XYZ CHILD DEVELOMENT, INC. CHILD AND ADULT FOOD PROGRAM – CHILD CARE CENTERS SCHEDUEL OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENT FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

FIXED PERCENTAGE METHOD

Enrollment	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total												
Reported	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Adjusted	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Allowed	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020
Free												
Reported	943	943	943	943	943	943	943	943	943	943	943	943
Adjusted	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Allowed	743	743	743	743	743	743	743	743	743	743	743	743
A2.1.1-7	7 10	7 10	7.10	7.10	7 10	7 10	7.10	7.10	7 10	7.10	7.10	7.10
Reduced												
Reported	18	18	18	18	18	18	18	18	18	18	18	18
Adjusted	0	0	0	0	0	0	0	0	0	0	0	0
Allowed	18	18	18	18	18	18	18	18	18	18	18	18
Base												ரு
Reported	259	259	259	259	259	259	259	259	259	259	259	259 Exhibit 0 C 259 C 259 C
Adjusted	0	0	0	0	0	0	0	0	0	0	0	0 ≧ :
Allowed	259	259	259	259	259	259	259	259	259	259	259	259 ೧

XYZ CHILD DEVELOPMENT, INC. CHILD AND ADULT CARE FOOD PROGRAM – CHILD CARE CENTERS SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

EWED DED CEVE	A CE METHOD	FUI	K THE PERIOL	J JULY 1, 1998 1	<u>O JUNE 30, 1</u>	<u>999</u>			
FIXED PERCENT.									
	Reported	Adjusted*	Allowed	<u>Reported</u>	Adjusted*	Allowed	Reported	Adjusted*	Allowed
	<u>July 1, 1998</u>	to July 31, 1998	<u>3</u>	Aug 1, 199	98 to Aug 31, 1	<u> 1998</u>	<u>Sept 1,</u>	1998 to Sept 30) <u>, 1998</u>
<u>Breakfast</u>									
Free	17,189	(1,137)	16,052	17,017	(1,109)	15,908	15,444	(1,036)	14,408
Reduced	329	59	388	326	58	384	296	52	348
Base	4,719	<u>878</u>	<u>5,597</u>	<u>4,671</u>	<u>876</u>	<u>5,547</u>	4,239	<u>785</u>	5,024
Total	$2\overline{2,237}$	$(2\overline{00})$	22,037	22,014	$\overline{(175)}$	21,839	19,979	(199)	19,780
	,	<u>(200)</u>			(2.0)	22,002	2242.2	(222)	224.00
<u>Lunch</u>									
Free	17,750	(1,162)	16,588	15,887	(1,063)	14,824	15,447	(1,036)	14,411
Reduced	340	61	401	304	54	358	296	52	348
Base	4,87 <u>3</u>	911	5,784	4,36 <u>1</u>	809	<u>5,170</u>	4,240	785	<u>5,025</u>
				· · · · · · · · · · · · · · · · · · ·				· · · · · · · · · · · · · · · · · · ·	
Total	<u>22,963</u>	<u>(190)</u>	<u>22,773</u>	<u>20,128</u>	<u>(150)</u>	<u>19,978</u>	<u>19,983</u>	<u>(199)</u>	<u>19,784</u>
C 1 .									
<u>Supplements</u>	4.5.050	(4.005)	4.5.00	1 7 7 7 0	(4.00=)	44.550	4.50.54	(0.50)	1.1.100
Free	17,078	(1,095)	15,983	15,559	(1,007)	14,552	15,061	(869)	14,192
Reduced	327	59	386	298	54	352	288	55	343
Base	<u>4,688</u>	<u>886</u>	<u>5,574</u>	<u>4,271</u>	<u>803</u>	<u>5,074</u>	<u>4,135</u>	<u>814</u>	<u>4,949</u>
Total	22,093	(150)	<u>21,943</u>	<u>20,128</u>	(150)	19,978	<u>19,484</u>	<u>0</u>	19,484
)		<u></u>						_	
)	Reported	Adjusted*	Allowed	Reported	Adjusted*	Allowed	Reported	Adjusted*	Allowed
	Reported		Allowed	Reported		Allowed	Reported	_	Allowed
Breakfast	Reported	Adjusted*	Allowed	Reported	Adjusted*	Allowed	Reported	Adjusted*	Allowed
<u>Breakfast</u> Free	Reported Oct 1, 1998	Adjusted* to Oct 30, 1998	Allowed	Reported Nov 1, 199	Adjusted* 98 to Nov 30,	Allowed 1998	Reported Dec 1,	Adjusted* 1998 to Sept 30	<u>Allowed</u>), 1998
Free	Reported Oct 1, 1998 16,398	Adjusted* to Oct 30, 1998 (1,059)	Allowed 15,339	Reported Nov 1, 199	Adjusted* 98 to Nov 30, 2	Allowed 1998 14,441	Reported Dec 1,	Adjusted*	Allowed 9, 1998 16,937
Free Reduced	Reported Oct 1, 1998 16,398 314	Adjusted* to Oct 30, 1998 (1,059) 57	Allowed 15,339 371	Reported Nov 1, 199 15,461 296	Adjusted* 98 to Nov 30, (1,020) 53	Allowed 1998 14,441 349	Reported Dec 1, 18,118 347	Adjusted* 1998 to Sept 30 (1,181) 62	Allowed 0, 1998 16,937 409
Free Reduced Base	Reported Oct 1, 1998 16,398 314 4,502	Adjusted* to Oct 30, 1998 (1,059) 57 847	15,339 371 5,349	Reported Nov 1, 199 15,461 296 4,244	Adjusted* 98 to Nov 30, 1 (1,020) 53 792	Allowed 1998 14,441 349 5,036	Reported Dec 1, 18,118 347 4,973	Adjusted* 1998 to Sept 30 (1,181) 62 934	Allowed 0, 1998 16,937 409 5,907
Free Reduced	Reported Oct 1, 1998 16,398 314	Adjusted* to Oct 30, 1998 (1,059) 57	Allowed 15,339 371	Reported Nov 1, 199 15,461 296	Adjusted* 98 to Nov 30, (1,020) 53	Allowed 1998 14,441 349	Reported Dec 1, 18,118 347	Adjusted* 1998 to Sept 30 (1,181) 62	Allowed 0, 1998 16,937 409
Free Reduced Base Total	Reported Oct 1, 1998 16,398 314 4,502	Adjusted* to Oct 30, 1998 (1,059) 57 847	15,339 371 5,349	Reported Nov 1, 199 15,461 296 4,244	Adjusted* 98 to Nov 30, 1 (1,020) 53 792	Allowed 1998 14,441 349 5,036	Reported Dec 1, 18,118 347 4,973	Adjusted* 1998 to Sept 30 (1,181) 62 934	Allowed 0, 1998 16,937 409 5,907
Free Reduced Base Total Lunch	Reported Oct 1, 1998 16,398 314 4,502 21,214	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155)	15,339 371 5,349 21,059	Reported Nov 1, 199 15,461 296 4,244 20,001	Adjusted* 98 to Nov 30, 1 (1,020) 53 792 (175)	Allowed 1998 14,441 349 5,036 19,826	Reported Dec 1, 18,118 347 4,973 23,438	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185)	Allowed 1, 1998 16,937 409 5,907 23,253
Free Reduced Base Total Lunch Free	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079)	15,339 371 5,349 21,059	Reported Nov 1, 199 15,461 296 4,244 20,001	Adjusted* 98 to Nov 30, 3 (1,020) 53 792 (175)	Allowed 1998 14,441 349 5,036 19,826	Reported Dec 1, 18,118 347 4,973 23,438	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185)	Allowed 1, 1998 16,937 409 5,907 23,253
Free Reduced Base Total Lunch Free Reduced	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58	15,339 371 5,349 21,059	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296	Adjusted* 28 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53	Allowed 1998 14,441 349 5,036 19,826 14,461 349	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62	Allowed 0, 1998 16,937 409 5,907 23,253 16,874 408
Free Reduced Base Total Lunch Free Reduced Base	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866	15,339 371 5,349 21,059 15,665 379 5,462	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250	Adjusted* 98 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53 793	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929	Allowed 0, 1998 16,937 409 5,907 23,253 16,874 408 5,884
Free Reduced Base Total Lunch Free Reduced	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58	15,339 371 5,349 21,059	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296	Adjusted* 28 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53	Allowed 1998 14,441 349 5,036 19,826 14,461 349	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62	Allowed 0, 1998 16,937 409 5,907 23,253 16,874 408
Free Reduced Base Total Lunch Free Reduced Base Total	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866	15,339 371 5,349 21,059 15,665 379 5,462	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250	Adjusted* 98 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53 793	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929	Allowed 0, 1998 16,937 409 5,907 23,253 16,874 408 5,884
Free Reduced Base Total Lunch Free Reduced Base Total Supplements	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596 21,661	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866 (155)	15,339 371 5,349 21,059 15,665 379 5,462 21,506	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250 20,028	Adjusted* 98 to Nov 30, 2 (1,020) 53 792 (175) (1,021) 53 793 (1,175)	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043 19,853	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955 23,351	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929 (185)	Allowed 1, 1998 16,937 409 5,907 23,253 16,874 408 5,884 23,166
Free Reduced Base Total Lunch Free Reduced Base Total	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596 21,661	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866 (155)	15,339 371 5,349 21,059 15,665 379 5,462 21,506	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250 20,028	Adjusted* 98 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53 793	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043 19,853	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955 23,351	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929	Allowed 1, 1998 16,937 409 5,907 23,253 16,874 408 5,884 23,166
Free Reduced Base Total Lunch Free Reduced Base Total Supplements	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596 21,661	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866 (155) (1,075) 58	15,339 371 5,349 21,059 15,665 379 5,462 21,506	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250 20,028	Adjusted* 98 to Nov 30, 2 (1,020) 53 792 (175) (1,021) 53 793 (1,175)	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043 19,853	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955 23,351	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929 (185)	Allowed 1, 1998 16,937 409 5,907 23,253 16,874 408 5,884 23,166
Free Reduced Base Total Lunch Free Reduced Base Total Supplements Free	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596 21,661	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866 (155)	15,339 371 5,349 21,059 15,665 379 5,462 21,506	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250 20,028	Adjusted* 28 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53 793 (1,175) (1,026)	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043 19,853	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955 23,351	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929 (185) (1,184)	Allowed 1, 1998 16,937 409 5,907 23,253 16,874 408 5,884 23,166
Free Reduced Base Total Lunch Free Reduced Base Total Supplements Free Reduced	Reported Oct 1, 1998 16,398 314 4,502 21,214 16,744 321 4,596 21,661 16,672 319	Adjusted* to Oct 30, 1998 (1,059) 57 847 (155) (1,079) 58 866 (155) (1,075) 58	15,339 371 5,349 21,059 15,665 379 5,462 21,506	Reported Nov 1, 199 15,461 296 4,244 20,001 15,482 296 4,250 20,028	Adjusted* 28 to Nov 30, 3 (1,020) 53 792 (175) (1,021) 53 793 (1,175) (1,026) 53	Allowed 1998 14,441 349 5,036 19,826 14,461 349 5,043 19,853	Reported Dec 1, 18,118 347 4,973 23,438 18,050 346 4,955 23,351 18,197 348	Adjusted* 1998 to Sept 30 (1,181) 62 934 (185) (1,176) 62 929 (185) (1,184) 63	Allowed 1, 1998 16,937 409 5,907 23,253 16,874 408 5,884 23,166 17,013 411

XYZ CHILD DEVELOPMENT, INC. CHILD AND ADULT CARE FOOD PROGRAM – CHILD CARE CENTERS SCHEDULEOF REPORTED, ADJUSTED, AND ALLOWED MEALS FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

FIXED PERCENTAGE METHOD Reported Adjusted* Allowed Reported Adjusted* Allowed Reported Adjusted* Allowed Jan 1, 1999 to Jan 31, 1999 Feb 1, 1999 to Feb 28, 1999 Mar 1, 1999 to Mar 31, 1999 Breakfast 16,337 (1,061)15,465 (1,030)(679)8,573 Free 15,276 14,435 9,252 313 296 53 177 207 Reduced 56 369 349 30 Base 4,484 843 5,327 4,245 788 5,033 2,540 449 2,989 Total 21,134 162 20,972 20,006 *189) 19,817 11,969 (200)11,769 Lunch Free 16,688 (1.081)15,607 15,765 (1.047)14,718 15,580 (1.045)14,535 Reduced 320 57 377 302 54 356 298 53 351 Base 4,580 862 5,442 4,328 804 5,132 4,277 792 5,069 Total 21,588 (162)21,426 20,395 (189)20,206 20,155 (200)19,955 **Supplements** Free (1,062)15,292 15,497 (1.032)(1.043)14,505 16,354 14,465 15,548 313 369 297 53 350 298 350 Reduced 56 52 Base 4,489 844 5,333 4,254 790 5,044 4,268 791 5059 Total 21.156 (162)20,994 20,048 (189)19,859 20,114 (200)19,914 Allowed Reported Adjusted* Allowed Reported Adjusted* Reported Adjusted* Allowed Apr 1, 1999 to Apr 30, 1999 May 1, 1999 to May 31, 1999 June 1, 1999 to June 30, 1999 Breakfast (79)13,132 (896)12,236 13,570 (926)Free 14,447 13,468 12,644 Reduced 277 48 325 251 45 296 260 46 306 3,725 3,605 Base 3,966 731 4,697 661 4,266 <u>684</u> 4,409 Total 17,359 18,690 (200)18,490 16,988 (190)16,798 17,555 (196)Lunch Free 15,393 (1,034)14,359 13,323 (907)12,416 13,737 (935)12,802 Reduced 295 347 255 300 263 309 52 45 46 4,225 Base 782 5,007 3,658 672 4,330 3,771 <u>693</u> 4,464 Total 19,913 17,236 17,575 (200)19,713 (190)17,046 17,771 (196)Supplements (929)Free 14,755 (997)13,758 13,699 12,770 1,370 (222)1,148 Reduced 283 332 309 28 49 262 47 26 Base 4,050 748 4,798 3,761 692 4,453 376 24 400 Total 19,088 (200)18,888 17,722 (190)17,532 (196)1,576 1,772

A2.1.1-9

XYZ Child Development, Inc. Statement of Monetary Claims and Questioned Costs Agreement No.: xx-xxxx-x-A

19X9 Child and Adult Care Food Program For the Period July 1, 19X8 to June 30, 19X9

Detail No.:	<u>Description of Exception</u>	\$	<u>Amount</u>
1	Finding X9-1	Ф	
2	Finding X9-3		\$
3			
4			
Total to be Colle	ected from Agency/Reimbursed to Agency:		\$:

XYZ Child Development, Inc.
Notes to the Schedules
Agreement No.: xx-xxxx-x-A

19X9 Child and Adult Care Food Program

NOTE 1: GENERAL INFORMATION

XYZ Child Development, Inc.(the Agency) was incorporated as a non-profit corporation in 1967 to provide educational programs for the care of children outside their homes. The Agency has been granted tax-exempt status by the Internal Revenue Service under Section 501©(3) and California Franchise Tax Board under Section 23701(d). The Agency is funded by the California Department of Education (CDE). Also, the Agency receives funds from private donations. This report includes an opinion only on the activity of the CACFP program. The source of funding for the CACFP program is the United States Department of Agriculture and CDE.

NOTE 2: CLAIM PREPARATION

Fixed Percentage Claiming Method:

The Fixed Percentage Claiming Method requires each Agency to accurately categorize and report the enrollment data by eligibility category (i.e. free, reduced-price and base) at least one time of the fiscal year. The percentages established become the Agency's "fixed" percentage for the fiscal year. Meals claimed are reimbursed based on the calculated fixed percentages for each category. The fixed percentages remain in effect for the entire fiscal year unless the Agency chooses to submit new enrollment data in order to adjust the percentages and maximize reimbursement. However, an agency must submit new enrollment data during the year if (1) the agency adds a new site, (2) the average daily participation for the claim month exceeds the total enrollment previously reported, or (3) to correct a reporting error.

The percentage for each category becomes the Agency's "fixed" percentage used to determine reimbursement for the fiscal year. Meals claimed are reimbursed based on the calculated "fixed" percentages for each category. The percentages may be adjusted by the Agency to either accurately categorize or submit new enrollment data into free, reduced price, and base rate in order to maximize reimbursement should new facilities be added or others deleted.

Accountant's Letterhead

Report on Compliance and on Internal Control Over Financial Reporting Based on an Examination of the Statement of Claim Performed in Accordance With Government Auditing and Attestation Standards

Board of Directors XYZ Child Development, Inc.

We have examined the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the Child and Adult Care Food Program (CACFP) (Sponsor Agreement No. xx-xxxx-x-A) as summarized in the Statement of Claim for the period from July 1, 19X8 through June 30, 19X9 and have issued our report thereon dated September XX, 19X9. We conducted our examination in accordance with the *Statement of Standards of Attestation Engagements* established by the American Institute of Certified Public Accountants and with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included tests of the program and accounting records prescribed by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA), as set forth in its *Audit Guide for Audits of Child and Adult Care Food Program Institutions*, No. 27029-2, dated February 18, 1999, for examinations of this program.

Compliance

As part of obtaining reasonable assurance about whether the **XYZ Child Development, Inc.'s** statement of CACFP claims for reimbursement as summarized in the Statement of Claim is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of material noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as items, X9-1.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered **XYZ Child Development, Inc.'s** internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinion on the Statement of Claim and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **XYZ Child Development, Inc.'s** ability to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Claim. A reportable condition is described in the accompanying schedule of findings and questioned costs as item, X9-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement of Claim being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting and compliance that we have reported to management of **XYZ Child Development, Inc.** in a separate letter dated September XX, 19X9.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter Certified Public Accountants

September XX, 19X9

Accountant's Letterhead

Independent Accountant's Report on Compliance With Requirements Applicable to the Federal Program and on Internal Control Over Compliance and Financial Reporting in Accordance With the Program-Specific Audit Option Under OMB Circular A-133 and Attestation Standards Made as a Part of a Program-Specific Examination of the Statement of Claim

Board of Directors XYZ Child Development, Inc.

Compliance

We have examined management's assertion about XYZ Child Development, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Child and Adult Care Food Program (CACFP) included in the accompanying statement of claims for reimbursement submitted by the Sponsor in Agreement No. xx-xxxx-x-A as summarized in the Statement of Claim is adequate to meet the criteria established by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA), as set forth in its Audit Guide for Audits of Child and Adult Care Food Program Institutions, No. 27029-2, dated February 18, 1999. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of XYZ Child Development, Inc.'s management. Our responsibility is to express an opinion on XYZ Child Development, Inc.'s compliance based on our examination.

We conducted our examination of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Statement of Standards of Attestation Engagements* established by the American Institute of Certified Public Accountants and included tests of the program and accounting records prescribed by the *Audit Guide for Audits of Child and Adult Care Food Program Institutions*, No. 27029-2, issued by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA) for examinations of this program. Those standards and OMB Circular A-133 require that we plan and perform the examination to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the CACFP occurred. An examination includes testing evidence about XYZ Child Development, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of XYZ Child Development, Inc.'s compliance with those requirements

In our opinion, **XYZ Child Development, Inc. 's** assertion that it complied with the requirements referred to above that are applicable to its CACFP for the year ended June 30, 19X9, is fairly stated, in all material respects. However, the results of our examination procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings, and Questioned Costs as item X9-3.

Internal Control Over Compliance

The management of **_XYZ Child Development, Inc.** is responsible for establishing and maintaining effective control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our examination, we considered **XYZ Child Development, Inc.**'s internal control over compliance with requirements that could have a direct and material effect on its CACFP in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **XYZ Child Development, Inc.'s** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item X9-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is considered to be a material weakness.

We have also identified immaterial instances of noncompliance and internal control weaknesses that we have reported to the management of **XYZ Child Development, Inc.** in a separate letter dated September XX, 19X9.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter Certified Public Accountants

September XX, 19X9

XYZ Child Development, Inc. Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 19X9

A. Summary of Accountant's Results

I. Statement of Claim Examination

- 1. The Independent Accountant's Report on the Statement of Claim of XYZ Child Development, Inc. expressed an unqualified opinion.
- 2. Internal Control over Financial Reporting:
 - a. Reportable conditions were disclosed in the examination of the Statement of Claim.
 - b. One of the reportable conditions, in 2a above, was considered to be a material weakness.
 - c. Non-compliance was disclosed and is material to the Statement of Claim.

II. Federal Award Examination

The USDA Child and Adult Care Food Program, CFDA number, 10.558, passed-through CDE's Nutrition Services Division is considered a major program as a result of II.3 below.

- 1. Internal Controls Over Major Programs:
 - a. One material weaknesses was disclosed in the examination of the federal award.
- 2. Two examination findings are reported in B.II, Findings and Questioned Costs, in accordance with OMB Circular A-133, Section 510(a).
- 3. XYZ Child Development, Inc. did not qualify as a low-risk auditee under OMB Circular A- 133, section 530.

XYZ Child Development, Inc. Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 19X9

B. Findings and Questioned Costs:	Out and in the 1
I. Statement of Claim Examination	Questioned Cost
Reportable Conditions	
Finding X9-1	\$
<u>Condition:</u> Our test of the We believe that this reportable condition is a material weakness. An adjustment of \$ Claim.	was made to the Statement of
<u>Criteria:</u> USDA regulation, ,	
Cause: Lack of proper	
Effect: \$	
Recommendation: Implement procedures to	
Response: Management	
Finding X9-2	\$
<u>Condition:</u> Our test of We do not believe that this reportable condition is a material weakness.	
<u>Criteria:</u> USDA regulation, , states that	
Cause: Lack of proper management oversight.	
Effect: \$	
Recommendation: Implement procedures to	

XYZ Child Development, Inc. Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 19X9

B. Findings and Questioned Costs (continued):	
II. Federal Award Program Examination	Questioned Cost:
Finding X9-3 Eligibility	\$
Condition: During our review of the eligibility records of the We believe that this condition is a material weakness and a financial adjustment of \$	was necessary.
<u>Criteria:</u> USDA regulation, , states that	
Cause: Inadequate	
Effect: Population of , or %. This represents \$	
Recommendation: Periodic reviews should be made of the center's attendance recommendation:	cords to ensure proper eligibility records the
Response: Management has implemented periodic review procedures for all key staff.	
Finding X9-4	\$
Material Weakness	
Condition: Our review of the We believe that this condition is a material weakness. No financial adjustment was necessary.	essary.
<u>Criteria:</u> USDA regulation, , states that the sponsor	
<u>Cause:</u>	
Effect:	
Recommendation: Implement improved	

Response: Management has implemented improved

XYZ Child Development, Inc. Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 19X9

C. Status of Prior Year Findings:	Questioned
I. <u>Statement of Claim Examination</u>	Cost :
Reportable Conditions	
19X8 - Finding 1:	\$
Condition: Our inspection of the We do not believe that this reportable condition is a material weakn	ess.
<u>Criteria:</u> USDA regulation, ,	
Cause: Lack of	
Effect: A total of \$	
Recommendation: Implement procedures to monitor	
Response: The recommendation was implemented by managemen 19X9 examination.	t in November 19X8. No similar findings were noted in the
II. Major Federal Award Programs Examination Material Weaknesses	
19X8 – None	\$ None

XYZ Child Development, Inc. Management Letter

Year Ended June 30, 19X9

Board of Directors XYZ Child Development, Inc.

In planning and performing our examination of the statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the Child and Adult Care Food Program (CACFP) (Sponsor Agreement No. xx-xxxx-x-A) as summarized in the Statement of Claim as of, and for the year ended, June 30, 19X9, we considered its internal controls and affect on compliance in order to determine our examination procedures for the purpose of expressing our opinion on the aforementioned claims and to provide assurance on its accounting and management controls. However, we noted certain matters involving the internal controls of **XYZ Child Development, Inc.** and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants, and nonmaterial instances of noncompliance under criteria prescribed in the *Audit Guide for Audits of Child and Adult Care Food Program Institutions*, No. 27029-2, dated February 18, 1999, issued by the Office of the Inspector General of the United States Department of Agriculture (OIG-USDA) for examinations of this program. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal accounting and management controls, that in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the statement of CACFP claims for reimbursement.

The nonmaterial instances of noncompliance and internal control weaknesses are described as follows:
1
2
The information contained in this report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.
Bean, Bean & Counter

September XX, 19X9

Certified Public Accountants